



State of Utah

JON M. HUNTSMAN, JR.  
*Governor*

GARY HERBERT  
*Lieutenant Governor*

Department of  
Environmental Quality

Richard W. Sprott  
*Executive Director*

DIVISION OF DRINKING WATER  
Kenneth H. Bousfield, P.E.  
*Director*

**Drinking Water Board**  
Anne Erickson, Ed.D., *Chair*  
Myron Bateman, *Vice-Chair*  
Ken Bassett  
Daniel Fleming  
Jay Franson, P.E.  
Helen Graber, Ph.D.  
Paul Hansen, P.E.  
Petra Rust  
Richard W. Sprott  
David K. Stevens, Ph.D.  
Ron Thompson  
Kenneth H. Bousfield, P.E.  
*Executive Secretary*

**AMENDED**  
**DRINKING WATER BOARD**  
**MEETING**

**JANUARY 14, 2009**  
**12:00 p.m.**

Place: DEQ's Offices  
168 North 1950 West, Room 101  
Salt Lake City, Utah 84116

Ken Bousfield's Cell Phone #: (801) 674-2557

1. Call to Order – Chairman Erickson
2. Roll Call – Ken Bousfield
3. Introductions – Chairman Erickson
4. Approval of Minutes – November 12, 2008
5. Arsenic Exemption Public Hearing
6. SRF/Conservation Committee Report – Vice Chairman Myron Bateman
  - 1) Status Report – Ken Wilde
  - 2) Project Priority List – Ken Wilde
  - 3) SRF Applications
    - a) Discussion on Interest & the Hardship Grant Assessment – Ken Wilde
    - b) St. George City – Michael Grange
    - c) Blanding City – Planning – Rich Peterson
    - d) Tridell LaPoint – Planning – Gary Kobzeff
    - e) Veyo Culinary Water Association – Planning – Gary Kobzeff
    - f) Pine Valley Mt. Farms Water Company – **Emergency** – Michael Grange
    - g) Kingston Town – Rich Peterson
    - h) Hyde Park – Julie Cobleigh
    - i) Corinne City – Jesse Johnson
    - j) Hinckley Town Report – Ken Wilde
  - 4) Consideration on Name Change – Ken Wilde

7. 2009 Approved Drinking Water Board Meeting Schedule
8. Rules R309-700 and 705: Set Rule Effective Date – Ken Wilde
9. Proposed Rule Amendments to: Rule R309-800 – Michael Grange
10. Proposed Substantive Rule Amendments – Bill Birkes and Bob Hart
  - a) R309-500-6(3)(b) - Waiting of Plan Submittal Requirement
  - b) R309-510-5 - Reduction of Sizing Requirement
  - c) R309-520-11 - Ozone Reference
  - d) R309-525-11(b)(c)(v) - Day Tank Drain Requirements
  - e) R309-530-6(5)(c) - Filtration Rate Range
  - f) R309-545-15(1) and (2) – Storage Tank Vent Design
11. Informational Discussion on Source, Storage, and the Instantaneous Demand for Irrigation in Drinking Water Regulations R309-510-7(3) and How it Differs from Water Rights - Bill Birkes
12. Status of Alta's Antimony Treatment Plant – Ken Bousfield
13. Rural Water Association's 2009 Annual Conference
14. Utah Water Users' 2009 Annual Conference
15. Rural Water Association of Utah Report
16. Letters
17. Chairman's Report – Chairman Erickson
18. Directors Report
  - a) Division Staff On-the-Spot Awards
  - b) Status Report on the Congressional Economic Recovery Appropriation
19. Next Board Meeting:  
*Date: March 5, 2009*  
*Time of Board Meeting: 2:00 p.m.*  
*Location: Dixie Convention Center*  
*1835 Convention Center Drive, (Garden Room)*  
*St. George, Utah 84770*
20. Other
21. Adjourn

**In compliance with the American Disabilities Act, individuals with special needs (including auxiliary communicative aids and services) should contact Brooke Baker, Office of Human Resources at: (801) 536-4412, TDD (801) 536-4424, at least five working days prior to the scheduled meeting.**

**DRINKING WATER BOARD  
PACKET FOR PROJECT PRIORITY LIST**

**Four projects are being added to the Project Priority List:**

**Pine Valley Mountain Farms Water Company**, located in Washington County, scored **100 points**. Pine Valley Mountain Farms Water Company sole source of drinking water (a well) has failed. The cost to drill a new well is estimated to be \$315,000.

**Hyde Park City**, located in Cache County, scored **30.4 points**.

Hyde Park City would like to construct a 2MG tank, to replace two existing tanks that are deteriorating, and move their pump station to the new tank site. The estimated project cost is \$2,010,000, they will contribute \$1,010,000.

**West Corinne Water Company**, located in Box Elder County, scored **18.5 points**.

The proposed project includes constructing a 1MG storage tank, install a pressure reducing station and replace undersized distribution pipe. The estimated project cost is \$3,697,000.

**Corinne City**, located in Box Elder County, scored **16.8 points**.

The proposed project includes a 200,000 gallon storage reservoir and transmission line. The estimated project cost is \$3,953,170, they will contribute \$20,000 and expect funding from CDBG of \$300,000.

**SRF/CONSERVATION COMMITTEE COMMENTS AND RECOMMENDATION:**

**The Drinking Water Board approve the updated project Priority List.**

January 5, 2009

## Utah Federal SRF Program

## Project Priority List

Authorized

Priority Points	Authorized						
	Total Requested	\$234,877,167		for Projects totaling	\$375,184,429		\$102,639,963
	System Name	County	Pop.	ProjectTitle	Project Total	Request DWB	Funds Authorized
A	115.0 Mountain Regional SSD	Summit	6,549	Dist. System, Booster Station, Fire Hyd.	\$3,026,263	\$3,026,263	\$3,026,263
AS	103.7 Town of Springdale	Washington	426	1MG tank, replace pipelines	\$2,848,500	\$2,848,500	
P	62.6 Manila	Daggett	620	New tank and lines	\$2,500,000		
N	47.8 Lincoln Culinary Water Co.	Tooele	470	New tank and chlorination building	\$550,920	\$450,000	\$450,000
NS	42.9 Hinckley Town	Millard	750	Replace distribution lines	\$85,000	\$85,000	
A	39.6 Erda Acres Water Company	Tooele	265	Update lines,well, chlorination facility	\$2,400,000	\$2,100,000	\$2,100,000
P	38.0 Teasdale	Wayne	160	System upgrades	\$1,770,000		
A	36.3 St. George	Washington	50,000	Arsenic Treatment of Gunlock Wells	\$21,550,000	\$10,000,000	\$6,000,000
	33.3 Tooele County SSD	Tooele		Source, Trans, Treatment, & Storage	\$500,000	\$365,000	
P	31.0 Paragonah	Iron	470	source development, new lines	\$4,018,900		
N	30.4 Hyde Park	Cache	3,300	Tank, booster station	\$1,910,000	\$900,000	
P	30 Mayfield	Sanpete		Source, treatment, storage, waterline	\$2,657,000		
	22.7 Enoch Municipal Water	Iron	3,430	Upgrade system, add 58,000 ft of line	\$2,406,299	\$1,921,299	\$1,910,000
N	18.5 West Corrine	Box Elder	1,275	1Mg tank, retrofit well	\$3,696,134	\$3,496,134	
P	17.9 Austin	Sevier	150	Source, treatment, storage, waterline	\$1,040,000		
N	16.8 Corrine City	Box Elder	640	1MG tank, transmission lines	\$3,632,750	\$3,632,750	
P	12.9 Price River	Carbon	7,659	New tank, waterline replacement	\$2,750,000		
P	12.8 Centerfield	Sanpete	1,200	New tank, upgrade waterlines	\$3,600,000		
A	12.7 Town of Howell	Box Elder	250	100,000 gallon concrete tank	\$245,000	\$86,000	
P	12.6 Enterprise	Washington	1,500	New tank, upgrade waterlines	\$1,917,100		
A	12.3 East Grouse Creek Pipeline Co.	Box Elder		Well Rehabilitation & Well House	\$556,000		\$560,000
P	9.3 Mapleton City	Utah	7,300	Replace distribution lines	\$15,339,560		
N	8.0 Mountain Valley Water	Salt Lake	48	400,000gal Tank, Trans/Dist Pipelines	\$805,980	\$798,000	
N	5.0 Skyline Mountain SSD	Sanpete		2nd Home Subdivision	\$9,000,000	\$3,000,000	

N = New Application

A = Authorized

P = Potential Project

**EMERGENCY FUNDING**

N	100.0	Pine Valley Mountain Farms	Washington	100	New well	\$315,000	\$315,000	
A	100.0	Washington County disaster	Washington	60,000+	Source & Piping Restoration	\$1,300,000	\$1,000,000	
A	100.0	Enterprise			Flood			\$15,000
A	100.0	Gunlock			Flooding			\$205,000

January 5, 2009

# Utah Federal SRF Program

## Project Priority List

Priority Po								Authorized
	Total Requested		\$234,877,167		for Projects totaling		\$375,184,429	\$102,639,963
	System Name	County	Pop.	ProjectTitle	Project Total	Request DWB	Funds Authorized	
A	100.0 ST. George			Flooding	\$337,500	\$337,500	\$337,500	
N	100.0 Canyon Meadows	Wasatch		Replace main line	\$581,000	\$581,000	\$581,000	

UPDATE: CICWCD Closed on 2-14-08

**DRINKING WATER BOARD**  
**BOARD PACKET FOR EMERGENCY CONSTRUCTION LOAN**

**APPLICANT'S REQUEST AND STAFF COMMENTS:**

Pine Valley Mountain Farms Water Company is a privately owned public water system supplying water to 57 residential connections. Their sole source of drinking water (a well) has failed. The cost to drill a new well is estimated to be \$315,000. Two letters (one from their engineer and one from their driller) are included in the packet for informational purposes.

The local MAGI is \$29,594 (82% of the State's MAGI of \$36,175). Their current water bill is \$43.70 (1.77% of local MAGI) and their anticipated water bill after project completion is \$49.63 (2.01% of local MAGI).

**SRF CONSERVATION COMMITTEE RECOMMENDATION:**

**The Drinking Water Board authorize a \$315,000 construction loan with a 2.0% per annum assessment paid to the Hardship Grant Fund for 20 years with \$95,000 principle forgiveness to Pine Valley Mountain Farms Water Company. Conditions include resolving appropriate issues on their compliance report and complete any source protection requirements. Additionally, water system officials think they may potentially have to haul drinking water prior to completion of a new well, funding could be increased to accommodate that anticipated cost.**

Pine Valley Mt. Farms Water Company

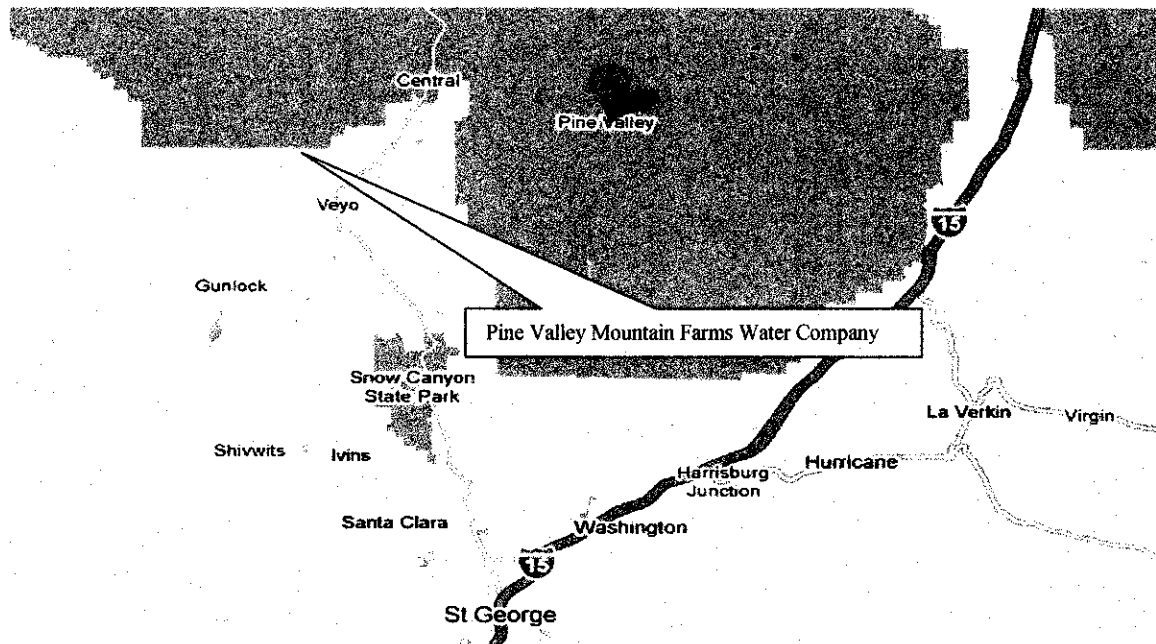
January 14, 2009

Page 2 of 4

**APPLICANT'S LOCATION:**

Pine Valley Mt Farms Water Company is located in Washington County, approximately 20 miles north of St. George, Utah.

**MAP OF APPLICANT'S LOCATION:**



**PLANNING DESCRIPTION/SCOPE OF WORK:**

This project will drill a new culinary water well. This project will also address control issues by installing a SCADA system at the well site and tank site.

**POPULATION GROWTH:**

The growth rate for rural Washington County is estimated at 3.7%, however the water company does not have any more water to sell. No new connections are anticipated.

**COST ESTIMATE:**

Legal	\$10,000
Planning	\$3,000
Construction Observation	\$14,000
Construction	\$262,000
Contingency	\$26,000
Total Planning Cost:	<u>\$315,000</u>

**COST ALLOCATION:**

The cost allocation proposed for the project is shown below.

<u>Funding Source</u>	<u>Cost Sharing</u>	<u>Percent of Project</u>
DWB Loan (2.0% HGA, 20 yrs)	\$220,000	70%
DWB Principle Forgiveness	\$95,000	30%
Pine Valley Mt. Farms	0	0%
Total Amount:	<u>\$315,000</u>	<u>100%</u>

Pine Valley Mt. Farms Water Company

January 14, 2009

Page 4 of 4

**APPLICANT:**

Pine Valley Mountain Farms Water Company  
100 East Wells Fargo Road  
Veyo, UT 84782

**PRESIDING OFFICIAL &  
CONTACT PERSON:**

Leonard Hulet, President  
100 East Wells Fargo Road  
Veyo, UT 84782  
(435) 632-0776

**CONSULTING ENGINEER:**

Dustyn Shaffer  
Sunrise Engineering, Inc.  
11 North 300 West  
Washington, UT 84780  
435-682-8450  
435-682-8416  
[dshaffer@sunrise-eng.com](mailto:dshaffer@sunrise-eng.com)

**TREASURER:**

Simeron Smith

**FINANCIAL CONSULTANT:**

Doug Nielsen  
Sunrise Engineering, Inc.  
25 East 500 North  
Fillmore, UT 84631  
435-743-6151  
435-743-7900 fax  
[dnielsen@sunrise-eng.com](mailto:dnielsen@sunrise-eng.com)

**ATTORNEY:**

n/a

# Pine Valley Mt Farms

## PROPOSED BOND REPAYMENT SCHEDULE

69.8 % Loan & 30.2 % P.F.

PRINCIPAL	\$220,000.00	ANTICIPATED CLOSING DATE	15-Feb-09
INTEREST	2.00%	P&I PAYMT DUE	01-Jan-11
TERM	20	REVENUE BOND	
NOMIN. PAYMENT	\$13,454.48	PRINC PREPAID:	\$0.00

YEAR	BEGINNING BALANCE	DATE OF PAYMENT	PAYMENT	PRINCIPAL	INTEREST	ENDING BALANCE	PAYM NO.
2010	\$220,000.00		\$3,862.22 *	\$0.00	\$3,862.22	\$220,000.00	0
2011	\$220,000.00		\$13,400.00	\$9,000.00	\$4,400.00	\$211,000.00	1
2012	\$211,000.00		\$13,220.00	\$9,000.00	\$4,220.00	\$202,000.00	2
2013	\$202,000.00		\$13,040.00	\$9,000.00	\$4,040.00	\$193,000.00	3
2014	\$193,000.00		\$13,860.00	\$10,000.00	\$3,860.00	\$183,000.00	4
2015	\$183,000.00		\$13,660.00	\$10,000.00	\$3,660.00	\$173,000.00	5
2016	\$173,000.00		\$13,460.00	\$10,000.00	\$3,460.00	\$163,000.00	6
2017	\$163,000.00		\$13,260.00	\$10,000.00	\$3,260.00	\$153,000.00	7
2018	\$153,000.00		\$13,060.00	\$10,000.00	\$3,060.00	\$143,000.00	8
2019	\$143,000.00		\$13,860.00	\$11,000.00	\$2,860.00	\$132,000.00	9
2020	\$132,000.00		\$13,640.00	\$11,000.00	\$2,640.00	\$121,000.00	10
2021	\$121,000.00		\$13,420.00	\$11,000.00	\$2,420.00	\$110,000.00	11
2022	\$110,000.00		\$13,200.00	\$11,000.00	\$2,200.00	\$99,000.00	12
2023	\$99,000.00		\$13,980.00	\$12,000.00	\$1,980.00	\$87,000.00	13
2024	\$87,000.00		\$13,740.00	\$12,000.00	\$1,740.00	\$75,000.00	14
2025	\$75,000.00		\$13,500.00	\$12,000.00	\$1,500.00	\$63,000.00	15
2026	\$63,000.00		\$13,260.00	\$12,000.00	\$1,260.00	\$51,000.00	16
2027	\$51,000.00		\$13,020.00	\$12,000.00	\$1,020.00	\$39,000.00	17
2028	\$39,000.00		\$13,780.00	\$13,000.00	\$780.00	\$26,000.00	18
2029	\$26,000.00		\$13,520.00	\$13,000.00	\$520.00	\$13,000.00	19
2030	\$13,000.00		\$13,260.00	\$13,000.00	\$260.00	\$0.00	20
			\$273,002.22	\$220,000.00	\$53,002.22		

\*Interest Only Payment

## DRINKING WATER BOARD FINANCIAL ASSISTANCE EVALUATION

SYSTEM NAME: Pine Valley Mt Farms  
 COUNTY: Washington  
 PROJECT DESCRIPTION: new well

FUNDING SOURCE: Federal SRF

**69.8 % Loan & 30.2 % P.F.**

ESTIMATED POPULATION:	200	NO. OF CONNECTIONS:	57	SYSTEM RATING:	APPROVED
CURRENT AVG WATER BILL:	\$43.70 *			PROJECT TOTAL:	\$315,000
CURRENT % OF AGI:	1.77%	FINANCIAL PTS:	38	LOAN AMOUNT:	\$220,000
ESTIMATED MEDIAN AGI:	\$29,594			PRINC. FORGIVENESS:	\$95,000
STATE AGI:	\$36,175			TOTAL REQUEST:	\$315,000
SYSTEM % OF STATE AGI:	82%				

	@ ZERO % RATE 0%	@ RBBI MKT RATE 6.22%		AFTER REPAYMENT PENALTY & POINTS 2.00%
ASSUMED LENGTH OF DEBT, YRS:	20	20		20
ASSUMED NET EFFECTIVE INT. RATE:	0.00%	6.22%		2.00%
REQUIRED DEBT SERVICE:	\$11,000.00	\$19,524.58		\$13,400.00
*PARTIAL COVERAGE (15%):	\$1,650.00	\$2,928.69		\$2,010.00
*ADD. COVERAGE AND RESERVE (10%):	\$1,100.00	\$1,952.46		\$1,340.00
ANNUAL DEBT PER CONNECTION:	\$241.23	\$428.17		\$293.86
O & M + FUNDED DEPRECIATION:	\$17,199.00	\$17,199.00		\$17,199.00
OTHER DEBT + COVERAGE:	\$0.00	\$0.00		\$0.00
REPLACEMENT RESERVE ACCOUNT:	\$0.00	\$0.00		\$0.00
NEEDED SYSTEM INCOME:	\$17,199.00	\$17,199.00		\$17,199.00
ANNUAL O&M PER CONNECTION:	\$301.74	\$301.74		\$301.74
AVG MONTHLY WATER BILL:	\$45.25	\$60.83		\$49.63
% OF ADJUSTED GROSS INCOME:	1.83%	2.47%		2.01%

\* Current water bill is based on 2008 Revenue & number of connections

## Pine Valley Mt Farms

### DWB Loan Terms

Local Share (total):	\$	-
Other Agency Funding:	\$	-
DWB Grant Amount:	\$	95,000
DWB Loan Amount:	\$	220,000
DWB Loan Term:		20
DWB Loan Interest:		2.00%
DWB Loan Payment:	\$	13,454

### DW Expenses (Estimated)

Proposed Facility Capital Cost:	\$	317,200
Existing Facility O&M Expense:	\$	17,199
Proposed Facility O&M Expense:	\$	17,199
O&M Inflation Factor:		1.0%
Existing Debt Service:	\$	-

### DW Revenue Sources (Projected)

Beginning Cash:	\$	-
Existing Customers (ERC):		57
Projected Growth Rate:		0.0%
Impact Fee/Connection Fee:	\$	-
Current Monthly User Charge:	\$	43.70
Needed Average Monthly User Charge:	\$	51.00

### DW Revenue Projections

Yr	Growth Rate (%)	Annual Growth (ERC)	Total Users (ERC)	User Charge Revenue	Impact Fee Revenue	Total Revenue	DWB Loan Repayment	DWB Loan Reserves	Remaining Principal	Principal Payment	Interest Payment	Existing DW Debt Service	O&M Expenses	Total Expenses	Debt Service Ratio
0	0.0%	0	57	29,890	-	29,890	-	-	220,000	-	-	-	17,199	17,199	-
1	0.0%	0	57	34,884	-	34,884	13,400	1,345	211,000	9,000	4,400	-	17,199	31,944	1.32
2	0.0%	0	57	34,884	-	34,884	13,220	1,345	202,000	9,000	4,220	-	17,371	31,936	1.32
3	0.0%	0	57	34,884	-	34,884	13,040	1,345	193,000	9,000	4,040	-	17,545	31,930	1.33
4	0.0%	0	57	34,884	-	34,884	13,860	1,345	183,000	10,000	3,860	-	17,720	32,926	1.24
5	0.0%	0	57	34,884	-	34,884	13,660	1,345	173,000	10,000	3,660	-	17,897	32,903	1.24
6	0.0%	0	57	34,884	-	34,884	13,460	1,345	163,000	10,000	3,460	-	18,076	32,882	1.25
7	0.0%	0	57	34,884	-	34,884	13,260	1,345	153,000	10,000	3,260	-	18,257	32,863	1.25
8	0.0%	0	57	34,884	-	34,884	13,060	1,345	143,000	10,000	3,060	-	18,440	32,845	1.26
9	0.0%	0	57	34,884	-	34,884	13,860	1,345	132,000	11,000	2,860	-	18,624	33,830	1.17
10	0.0%	0	57	34,884	-	34,884	13,640	1,345	121,000	11,000	2,640	-	18,810	33,796	1.18
11	0.0%	0	57	34,884	-	34,884	13,420		110,000	11,000	2,420	-	18,998	32,418	1.18
12	0.0%	0	57	34,884	-	34,884	13,200		99,000	11,000	2,200	-	19,188	32,388	1.19
13	0.0%	0	57	34,884	-	34,884	13,980		87,000	12,000	1,980	-	19,380	33,360	1.11
14	0.0%	0	57	34,884	-	34,884	13,740		75,000	12,000	1,740	-	19,574	33,314	1.11
15	0.0%	0	57	34,884	-	34,884	13,500		63,000	12,000	1,500	-	19,770	33,270	1.12
16	0.0%	0	57	34,884	-	34,884	13,260		51,000	12,000	1,260	-	19,968	33,228	1.12
17	0.0%	0	57	34,884	-	34,884	13,020		39,000	12,000	1,020	-	20,167	33,187	1.13
18	0.0%	0	57	34,884	-	34,884	13,780		26,000	13,000	780	-	20,369	34,149	1.05
19	0.0%	0	57	34,884	-	34,884	13,520		13,000	13,000	520	-	20,573	34,093	1.06
20	0.0%	0	57	34,884	-	34,884	13,260		-	13,000	260	-	20,778	34,038	1.06

Total Paid in Debt Service = 220,000 49,140

**SUNRISE**  
ENGINEERING

December 31, 2008

**RECEIVED**  
**JAN 06 2009**  
**Drinking Water**

Ms. Heather Bobb  
Department of Environmental Quality  
Division of Drinking Water  
PO Box 144830  
Salt Lake City, UT 84114-4830

RE: Pine Valley Mountain Farms Water Company Funding Application

Dear Heather:


Transmitted herewith is the Drinking Water Board Funding Application for the Pine Valley Mountain Farms Water Company Water Project for your review. We would appreciate being on the January 14 agenda.

The Pine Valley Mountain Farms Water Company has an urgent issue with their only water source. This issue has been communicated with a number of Division of Drinking Water representatives and we thank you for your assistance. The well recently began pumping sand and when video recorded, the well was determined to have a strong possibility of collapse. Due to the sand, the existing submersible pump was damaged and is unusable. Please see the attached letter from Gardner Brother's Drilling dated December 29, 2008.

The system's tank is currently near half full and will likely last two or three more weeks. The water company is having a much smaller 50 gpm submersible pump installed with the intent that there will be less disturbance to the formation. It is unknown whether the pump will be effective. The 50 gpm pump should be sufficient during the winter months, but will be inadequate during the summer months. The water company would be forced to haul water in if a new well is not drilled before the summer months. Emergency funding is requested to allow the new well to be drilled before the system demand exceeds the water available.

Once again we thank you for your support throughout the application process to get this funded as soon as possible. If you have any questions or comments, please do not hesitate to call me at (435) 743-6151 or on my cell at (435) 979-4294.

Sincerely,

  
Doug Nielsen  
Funding Specialist

DN/lmt

## Gardner Brothers Drilling

December 29, 2008

RE: Pine Valley Farms - Brookside Well

Dear Mr. Wilde,

We are writing this letter in regards to the well for the town of Brookside. Due to the large amounts of sand the pump went bad and had to be replaced. Because the well continued to pump high amounts of sand we pulled the pump back out on December 4<sup>th</sup>. The well was then bailed and brushed on December 10, 2008, and the pump set back in the well December 11, 2008.

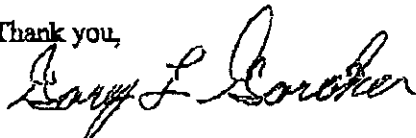
The well has 10" casing down to approximately 287' and then has 8" casing to the bottom (approximately 400'). The pump was set in the liner, but that didn't increase water production. The pump still broke suction and pumps a higher percentage of sand than water.

The well has no gravel pack, so nothing is stopping the sand from coming in. As a result the pump wore out, and as of December 27, 2008 is no longer working. The pump is only run on the weekends for about 24 hours each time, so has been used very little since it was installed last month.

As a result, the current well needs to be replaced with a new well. We suggest drilling a 20" hole and installing 200' of 12" casing and 200' of 12" stainless steel screen. The well would need silica sand as the gravel pack. The well would need test pumped to meet State Drinking Water requirements and a new pump to be put in to use.

If you have any further questions please let us know.

Thank you,



Gary Gardner  
Gardner Brothers Drilling

PO Box 965 • 2093 E. Highway 18, Enterprise, UT 84725  
PH: 435-878-5602 Fax: 435-878-5771 E-mail: [info@gardnerbrothersdrilling.com](mailto:info@gardnerbrothersdrilling.com)  
[www.gardnerbrothersdrilling.com](http://www.gardnerbrothersdrilling.com)

**SUNRISE ENGINEERING INC.**

11 North 300 West, Washington, Utah 84780

Tel: (435) 652-8450

**Engineer's Opinion of Probable Cost****PINE VALLEY MOUNTAIN FARMERS WATER COMPANY**

30-Dec-08

DWS/sbh

NO.	DESCRIPTION	Est Quantity	Units	Unit Price	TOTAL COST
<b>NEW WELL</b>					
1	Furnish and Install Conductor Casing (Production Well)	1	LS	\$ 20,000.00	\$ 20,000.00
2	Production Well Drilling (20-inch)	400	LN FT	\$ 140.00	\$ 56,000.00
3	12" Diameter Casing	200	LN FT	\$ 76.84	\$ 15,368.00
4	Screen (12" Diameter Stainless Steel)	200	LN FT	\$ 226.84	\$ 45,368.00
5	Concrete Grout & Seal	6.3	CU YD	\$ 1,000.00	\$ 6,300.00
6	Bentonite Plug	1	LS	\$ 1,500.00	\$ 1,500.00
7	Furnish and Install Fine Silica Sand	30	CU YD	\$ 700.00	\$ 21,000.00
8	Develop Production Well	168	HR	\$ 200.00	\$ 33,600.00
9	Production Well Test Pump Equipment	1	LS	\$ 8,000.00	\$ 8,000.00
10	Test Pump Production Well	48	HR	\$ 200.00	\$ 9,600.00
11	24 Hour Recovery Testing	1	LS	\$ 2,000.00	\$ 2,000.00
12	Disinfection & Capping	1	LS	\$ 500.00	\$ 500.00
13	Pitless Adaptor	1	EACH	\$ 2,000.00	\$ 2,000.00
14	Equip New Well	1	LS	\$ 16,737.77	\$ 16,737.77
15	Well Level Indicator	1	LS	\$ 2,000.00	\$ 2,000.00
16	Well Site Piping	1	LS	\$ 5,000.00	\$ 5,000.00
<b>NEW WELL SUBTOTAL</b>					<b>\$ 245,000.00</b>
<b>SCADA UPGRADES</b>					
17	Well Site SCADA	1	LS	\$ 4,567.00	\$ 4,567.00
18	Tank Site SCADA	1	LS	\$ 3,935.00	\$ 3,935.00
19	SCADA Operator Interface	1	LS	\$ 8,429.00	\$ 8,429.00
<b>SCADA UPGRADES SUBTOTAL</b>					<b>\$ 17,000.00</b>
<b>CONTINGENCY</b>				10%	<b>\$ 26,000.00</b>
<b>CONSTRUCTION TOTAL</b>					<b>\$ 288,000.00</b>
<b>INCIDENTALS</b>					
20	Funding and Administrative Services	1.0%	HOURLY		\$ 3,000.00
21	Engineering Design / Consulting	5.0%	HOURLY		\$ 14,000.00
<b>SUBTOTAL</b>					<b>\$ 17,000.00</b>
<b>TOTAL PROJECT COST</b>					<b>\$ 305,000.00</b>

In providing opinions of probable construction cost, the Client understands that the Engineer has no control over costs or the price of labor, equipment or materials, or over the Contractor's method of pricing, and that the opinion of probable construction cost provided herein is made on the basis of the Engineer's qualifications and experience. The Engineer makes no warranty, expressed or implied, as the accuracy if such opinions compared to bid or actual costs.

7:22 PM  
12/27/08  
Accrual Basis

Pine Valley Mountain Farms Water Company  
**Balance Sheet**  
As of December 27, 2008

	<u>Dec 27, 08</u>
<b>ASSETS</b>	
Current Assets	
Checking/Savings	
Cash in Bank	
Zions First National- CD	22,207.94
Zions First National - Checking	6,628.16
Zions First National - Savings	8,791.01
Total Cash in Bank	<u>37,627.11</u>
Total Checking/Savings	37,627.11
Accounts Receivable	
Accounts Receivable	<u>2,870.70</u>
Total Accounts Receivable	2,870.70
Other Current Assets	
Office Equip & Furn	<u>116.86</u>
Total Other Current Assets	<u>116.86</u>
Total Current Assets	40,614.67
Fixed Assets	
Main Water Tank	<u>156,000.00</u>
Total Fixed Assets	<u>156,000.00</u>
<b>TOTAL ASSETS</b>	<u>196,614.67</u>
<b>LIABILITIES &amp; EQUITY</b>	
Liabilities	
Current Liabilities	
Accounts Payable	<u>1,000.00</u>
Accounts Payable	<u>1,000.00</u>
Total Accounts Payable	<u>1,000.00</u>
Total Current Liabilities	<u>1,000.00</u>
Total Liabilities	1,000.00
Equity	
Opening Bal Equity	71,377.22
Reserves	
Repair and Maintenance	<u>-648.00</u>
Total Reserves	-648.00
Retained Earnings	112,193.91
Net Income	<u>12,891.54</u>
Total Equity	<u>195,614.67</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u>196,614.67</u>

7:24 PM

12/27/08

Accrual Basis

## Pine Valley Mountain Farms Water Company

## Profit &amp; Loss

January 1 through December 27, 2008

Jan 1 - Dec 27, 08

Ordinary Income/Expense	
Income	
Income	
A Share Income	16,783.83
B Share Income	4,705.69
Interest on Checking Account	332.61
Irrigation Income	4,982.71
Late Fees	428.00
Notice Delivery Fees	-80.00
Overage Income	0.00
Veyo Water Income	0.00
Waterline Repairs	2,710.30
Total Income	29,890.14
Total Income	29,890.14
Expense	
Administrative	
Annual Meeting Expenses	675.00
Bank Charges	41.25
Bookkeeping	2,335.31
Administrative - Other	322.86
Total Administrative	3,374.42
Operating	
Lab Testing	1,870.00
Meter Reading	180.00
Water Line Repair & Maintenance	4,068.72
Water Sampling	112.00
Water Treatment	100.78
Total Operating	6,111.50
Utilities	
Electricity	7,608.04
Telephone	104.64
Total Utilities	7,712.68
Total Expense	17,198.60
Net Ordinary Income	12,691.54
Net Income	12,691.54

7:23 PM

12/27/08

**Pine Valley Mountain Farms Water Company**  
**Statement of Cash Flows**  
January 1 through December 27, 2008

	Jan 1 - Dec 27, 08
<b>OPERATING ACTIVITIES</b>	
Net Income	12,691.54
Adjustments to reconcile Net Income to net cash provided by operations:	
Accounts Receivable	<u>-781.99</u>
Net cash provided by Operating Activities	<u>11,909.55</u>
Net cash increase for period	11,909.55
Cash at beginning of period	<u>25,717.56</u>
Cash at end of period	<u><u>37,627.11</u></u>

Pine Valley Mountain Farms Water Company Board Members

Leonard Hulet

Randy Russell

Abby Galantine

Brooks Cope

Hilton Covington

Pine Valley Mountain Farms Water Company, A33556            9130 Underground Water Well to State of Utah - Board of Water Resources Priority Date: 07/28/1961	81-1549            APPL   CERT  34.3 acft Deeded
Pine Valley Mountain Farms Water Company, A33556            9130 Underground Water Well to State Of Utah - Board Of Water Resources Priority Date: 07/28/1961	81-4430            APPL   WUC  5.0 acft Deeded
Pine Valley Mountain Farms Water Company, Underground Water Well to State of Utah - Board of Water Resources Priority Date: 08/23/1991	a16316                      CERT 34.3 acft Deeded
Pine Valley Mountain Farms Water Company, Underground Water Well (1) Priority Date: 08/23/1991	a16317                      CERT 18.0 acft
Pine Valley Mountain Farms Water Company, Underground Water Well Priority Date: 08/12/1992	a16937                      CERT 43.4 acft
Pine Valley Mountain Farms Water Company, Underground Water Well to State of Utah - Board of Water Resources Priority Date: 02/10/1995	a16937a                    APP 72.3 acft Deeded
Pine Valley Mountain Farms Water Company, Underground Water Well to State Of Utah Board Of Water Resources Priority Date: 02/10/1995	a16937aa                    WD 5.0 acft Deeded
Pine Valley Mountain Farms Water Company, A33556a            9589 Underground Water Well to State of Utah - Board of Water Resources Priority Date: 07/28/1961	81-2444            APPL   CERT  8.7 acft Deeded
Pine Valley Mountain Farms Water Company, A33556a            9589 Underground Water Well to State of Utah - Board of Water Resources Priority Date: 07/28/1961	81-2446            APPL   CERT  2.0 acft Deeded
Pine Valley Mountain Farms Water Company, A33556            9130 Underground Water Well to State of Utah - Board of Water Resources Priority Date: 07/28/1961	81-2449            APPL   CERT  43.4 acft Deeded
Pine Valley Mountain Farms Water Company, A33556            9130 Underground Water Well 1.5 acft	81-2453            APPL   WUC  0.005 cfs

Priority Date: 07/28/1961

Pine Valley Mountain Farms Water Company,  
A33556 9130

Underground Water Well  
to Board of Water Resources  
Priority Date: 07/28/1961

81-3949 APPL WUC

72.3 acft Deeded

Pine Valley Mountain Farms Water Company,  
Underground Water Well  
Priority Date: 10/09/1975

a8628 LAP  
34.3 acft

Pine Valley Mountain Farms Water Company,  
A33556a 9589

Underground Water Well  
Priority Date: 07/28/1961

81-3729 APPL CERT

18.0 acft

Pine Valley Mountain Farms Water Company,  
Underground Water Well

34.3 acft

Priority Date: 09/22/1983

a12948 LAP  
0.114 cfs

Pine Valley Mountain Farms Water Company,  
Underground Water Well  
acre-feet

Priority Date: 04/25/1972

a6913 CERT  
1.000 cfs 155

Pine Valley Mountain Farms Water Company/W. Jorgen,  
Underground Water Well  
to State of Utah - Board of Water Resources  
Priority Date: 08/12/1992

a16937 CERT  
43.4 acft Deeded